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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92058315
Party	Defendant M22, LLC
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Submission	Motion to Dismiss - Rule 12(b)
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

State of Michigan

Petitioner,

Proceeding No: 92058315

v.

M22, LLC,

Registrant.

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**REGISTRANT'S REPLY TO PETITIONER'S OPPOSITION TO REGISTRANT'S PARTIAL  
MOTION TO DISMISS**

**I. INTRODUCTION**

In its Opposition and Amended Petition, Petitioner has amended its allegations and, in doing so, advocates for a not-quite-a-trademark theory in support of its position that Petitioner has been damaged by Registrant's registration and use of the M22 Marks and has stated claims upon which relief can be granted.<sup>1</sup> Since Petitioner's proposed amendments are fatally flawed in their legal premises and destined to fail, Petitioner has failed to state a claim upon which relief can be granted and Registrant's Partial Motion to Dismiss should be granted.

**II. STANDARD OF REVIEW**

The purpose of Rule 12(b)(6) "is to allow the court to eliminate actions that are fatally flawed in their legal premises and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity." *Advanced Cardiovascular Sys., Inc. v. Scimed Life*

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<sup>1</sup> For the purposes of Registrant's Reply, Registrant again uses "M22 Marks" to refer to both marks at issue in this proceeding and "M22 Apparel Mark" and "M22 Retail Mark" for the individual marks respectively.

*Sys, Inc.*, 988 F.2d 1157, 1160 (Fed. Cir. 1993). A petition for cancellation should be dismissed where it is clear that a Petitioner “is entitled to no relief under any state of facts which could be proved in support of the claim.” *Stanspec Co. v. Am. Chain & Cable Co. Inc.*, 531 F.2d 563, 566 (CCPA 1976).

### **III. ARGUMENT**

#### **a. The Not-Quite-A-Trademark Theory**

Petitioner has advanced a theory in support of its claims that it has standing and has stated a claim upon which relief can be granted that is fundamentally flawed. Petitioner contends it obtained “goodwill” in and to the M-22 sign through its use of that sign to inform motorists that they are on M-22, a state trunkline highway. See Amended Petition ¶¶ 5. Petitioner seemingly bases the creation of this “goodwill” on the natural beauty of the Northern Michigan region. See Amended Petition ¶¶ 22-29. Stated another way, Petitioner alleges the positive aspects of Northern Michigan’s natural landscapes and culture have created “goodwill” for the State of Michigan in a state trunkline highway sign.

Noticeably absent in this theory, however, is Petitioner’s use of the state trunkline highway sign in connection with the offering of any goods or services in commerce. It is clear Petitioner uses the state trunkline highway sign to direct traffic. And it is beyond dispute this particular state truckline highway sign directs traffic in a naturally beautiful landscape. While that may be “a” use of the state truckline highway sign, that use does not rise to the level of a mark under the basic tenants of trademark law. As a result, Registrant will refer to Petitioner’s theory as the “not quite a trademark theory.”

Goodwill exists in a symbol if, and only if, a symbol is used as an indicator of the source of goods or services. If the contrary were true, and goodwill could exist in a symbol independent of a trademark use, then the trademark doctrine of assignment in gross, which occurs where a purported trademark is assigned without its accompanying goodwill, would

be rendered meaningless. See *Marshak v. Green*, 746 F.2d 927, 929-30 (“There are no rights in a trademark apart from the business with which the mark has been associated; they are inseparable. Use of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public who reasonably assume that the mark signifies the same thing, whether used by one person or another.”).

Petitioner uses the “not quite a trademark theory” to argue that it has been damaged by Registrant’s use of the M22 Marks, despite the fact that the State of Michigan has never sold goods or services even remotely similar to Registrant’s apparel or retail store and has never expressed an intent to do so. Petitioner’s not-quite-a-trademark theory, when boiled down to its logical foundation, crumbles.<sup>2</sup> Consequently, Registrant’s Motion must be granted.

#### **b. Standing**

In support of its claim that Petitioner has been damaged and, therefore, has standing, Petitioner alleges the following: (1) the State of Michigan has used the M-22 sign in interstate commerce in association with roads, used the sign in a video campaign advertising the beauty of that road, and developed goodwill in that sign (but, curiously, not as a trademark); (2) Petitioner has standing under Michigan state law; and (3) Registrant’s continued use of the M22 Marks damages residents of the State of Michigan “by preventing other Michigan businesses from utilizing the M-22 Sign to promote their own goods and

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<sup>2</sup> If Petitioner’s not-quite-a-trademark theory is accepted as true, Petitioner will have standing to petition to cancel the SLEEPING BEAR HERITAGE TRAIL (Serial No. 85848872), LAKE MICHIGAN (Serial No. 77699667), and DETROIT (85489054) marks because the State of Michigan has “goodwill” in these terms. Petitioner’s not-quite-a-trademark theory is akin to the following conditional: “When people drive on M22, they feel happy. This happiness is caused by the State of Michigan. Therefore, the State of Michigan has goodwill in the M-22 sign. Thankfully, the State of Michigan cannot reasonably take credit for a Lake Michigan sunset.

services, and to promote the region that the M-22 Sign embodies.” Petitioner’s not-quite-a-trademark theory fails to support its claim of standing.

Petitioner’s alleged use of the M-22 sign as not-quite-a-trademark and in support of its claim of standing is both confusing and bordering on incoherent. Petitioner’s Petition contends, “the State of Michigan has alleged its use of the M-22 Sign in interstate commerce in association with its roads and associated services for over 93 years.” Petitioner further alleges that it has used the M-22 sign in a video advertising campaign, which implores tourists to drive on the road<sup>3</sup>. Through these not-quite-a-trademark uses, Petitioner contends, “the State has developed valuable good will in the M-22 Sign....”

Petitioner cannot base its claim for standing on its not-quite-a-trademark theory. As stated above, Petitioner has no real interest in the outcome of this proceeding, namely, a personal interest in the outcome of the case beyond that of the general public, because Petitioner has never used the M-22 sign as a mark or in a manner that would come into conflict with Registrant’s claim of rights. Petitioner’s hyperbole, that Registrant, through its ownership of the M22 Marks, is capable of “enjoin[ing] the State from using its own traffic control device in any fashion,” is unsupported by basic trademark law. Further, Petitioner’s argument that other Michigan businesses are prevented “from utilizing the M-22 Sign to promote their own goods and services, and to promote the region that the M-22 Sign embodies” is also a blatant misstatement of the law.

15 U.S.C. § 1115(b)(4) makes clear that Registrant cannot enjoin the State from informing drivers that they are on the correct road or enjoin other Michigan businesses from using the M-22 sign in a geographically descriptive sense. When a road sign is not used in

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<sup>3</sup> The video in question was not produced by the State of Michigan, nor was it advertised by the State. It is a video made by the Homestead Resort, which used a Pure Michigan radio commercial as a voiceover. Petitioner’s statement, that the State of Michigan used the M-22 symbol in this video, is false and bordering on a material misrepresentation to this Board. See <http://www.michigan.org/blog/pure-michigan-ads/north-coast-radio-ad/>.

a trademark sense, it is protected by the fair use defense. See 2 McCarthy on Trademarks § 10:14 (“Since the use of a descriptive title cannot serve to prevent others from using the title in a descriptive, non-trademark sense, others may be able to use the title as the only term available.”); *Car-Freshner Corp. v. SC Johnson & Son, Inc.*, 70 F.3d 267, 269 (2<sup>nd</sup> Cir. 1995) (“What matters is whether the defendant is using the protected word or image descriptively, and not as a mark.”). Where, however, “small Michigan businesses... have utilized [confusingly] similar marks on retail items,” such as apparel and wine, Registrant has enforced its rights as required under law<sup>4</sup>. Registrant’s enforcement of its trademark rights against private parties does not result in damage to the State of Michigan and, therefore, Petitioner lacks standing.

Finally, Petitioner claims that it has standing because, under Michigan law, the Michigan Supreme Court has stated that the Attorney General has the authority to litigate matters on behalf of the people of the State. In support of this position, Petitioner cites a Michigan Supreme Court case, a Michigan statute, and a Michigan court rule. Petitioner does not explain, however, how these state laws override its need to show that it has been damaged or how it has a real outcome in this proceeding beyond that of the general public. Petitioner has provided no reasonable basis for its belief in damage and, therefore, has failed to establish that it has standing to proceed<sup>5</sup>.

### **c. Fraud**

In its Amended Petition, Petitioner contends that Registrant fraudulently obtained its trademark registrations. Petitioner claims that “Registrant knew of Petitioner’s prior rights in

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<sup>4</sup> Petitioner makes reference to a specific infringement letter, which was sent to Good Heart General Store. Good Heart General Store was selling counterfeit wine and apparel bearing a confusingly similar mark.

<sup>5</sup> It is worth noting that Petitioner claims that “registrant is in direct conflict with Michigan law,” but fails to state which law Registrant has violated. Petitioner is unable to articulate that violation because no such law exists.

the M-22 Sign, knew of Petitioner's prior and extensive use of the M-22 Sign, and knew the extent to which the M-22 Sign pointed to the State of Michigan." Petitioner cannot, under any factual development, establish that Registrant obtained its registrations fraudulently.

"[P]leadings of fraud made solely 'on information and belief,' with no separate indication that the pleader has actual knowledge of the facts supporting its fraud claim, are generally found to be deficient." *Wolverine Outdoors, Inc.*, 91161363, 2010 WL 9597362, n1 (TTAB June 21, 2010); *see also Meckatzer Lowenbrau Benedikt Weib Kg*, 95 USPQ 2d 1185 (TTAB 2010). To withstand a motion to dismiss, a plaintiff claiming that the declaration or oath in a registrant's application was executed fraudulently must allege particular facts which, if proven, would establish that:

(1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled.

*Intellimedia Sports, Inc.*, 43 U.S.P.Q.2d 1203 (TTAB 1997).

Petitioner has failed to properly plead that Registrant fraudulently obtained its M22 Marks because Petitioner has pled its claim of fraud solely on information and belief. See Amended Petition ¶ 64. Further, Petitioner cannot establish fraud under any factual development, as a claim of fraud requires the Petitioner to show that there was a similar or confusingly similar mark in use at the time the oath was signed, that Petitioner had trademark rights superior to Registrant at the time the oath was signed, Registrant knew

that Petitioner had rights in the mark that were superior to Registrant's, and Registrant intended to procure a registration to which it was not entitled. Petitioner cannot meet any of these requirements because Petitioner only alleges that it made a not-quite-a-trademark use of the M-22 sign prior to Registrant. Since no one made a trademark use of the M22 Marks prior to Registrant, Petitioner's claim of fraud must be dismissed.

**d. Functional**

Petitioner contends that Registrant's M22 Retail Mark is functional and is not capable of serving as a trademark. The primary purpose of the functionality doctrine in trademark law is to protect against over extension of trademark protection to product designs. Thus, a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. A functional feature is one that the exclusive use of which would put competitors at a significant non-reputation-related disadvantage.

Petitioner cannot establish that Registrant's M22 Retail Mark is functional under any set of facts because Registrant's M22 Retail mark does not serve as a product design and because competitors have no competitive need to use Registrant's M22 Retail Mark other than to trade off of the goodwill that Registrant has built in it. The fact that Registrant's competitors would like to use Registrant's M22 Retail Mark on retail store services does not render Registrant's M22 Retail Mark functional. Such a position, if accepted as true, would eliminate trademark protection for any popular design or symbol, including the State of Michigan's own trademarks. *See Univ. Book Store*, 33 U.S.P.Q.2d 1385 (TTAB 1994).

Petitioner would presumably argue that Registrant's M22 Retail Mark puts both Petitioner and third parties at a significant non-reputation related disadvantage because they cannot use Registrant's M22 Retail Mark in association with retail store services without facing the threat of a trademark infringement lawsuit. As stated at length above,



however, Registrant's M22 Retail Mark does not prohibit Petitioner or third parties from making a non-trademark use of the M-22 sign, including in a geographically descriptive sense. Thus, Petitioner cannot establish under any future factual scenario that it is at a non-reputational related disadvantage due to Registrant's M22 Retail Mark and, therefore, Registrant's Motion must be granted. See *In re DC Comics, Inc.*, 215 U.S.P.Q. 394, 397 (CCPA 1982) (Rich, concurring) (holding that viewing a design as aesthetically functional merely because it constitutes what the consumer wishes to purchase is improper).

**e. Merely ornamental**

Nor can Petitioner ever establish that Registrant's M22 Retail Mark is merely ornamental. Services normally cannot be "ornamented" because they are not tangible items. See *In Re Banana Republic (Apparel), LLC*, 78485048, 2007 WL 1580023 (TTAB May 23, 2007). In determining whether a mark is being used as a service mark and not mere ornamentation, the Board looks to the "size, location, dominance, and significance" of the alleged mark. See *In Re Anabec, Inc.*, 76397303, 2004 WL 1090653 (TTAB April 28, 2004). Since Registrant's M22 Retail Mark is used on the outside of its retail store, featured on almost every item of clothing in its retail store, and largely and prominently displayed inside of its retail store, no factual development could ever support Petitioner's claim that Registrant's M22 Retail Mark is mere ornamentation. Registrant's M22 Retail Mark is not a decorative feature placed on its retail store, it is the very purpose for the retail store and, therefore, Registrant's Motion must be granted.



#### f. Misrepresentation of source

Petitioner also cannot maintain a misrepresentation of source claim as to Registrant's M22 Retail Mark because Petitioner has failed to recite specific facts reflecting activity by the Registrant that would amount to an attempt to create the impression that Petitioner is the source of Registrant's services. *See Otto Intl., Inc.*, 83 U.S.P.Q.2d 1861 (TTAB 2007). Petitioner baldly asserts, "Registrant blatantly misused the M-22 Sign in a manner that was calculated and designed to trade on the goodwill created by Petitioner in the M-22 Sign. Registrant's use in this manner misrepresents the source of Registrant's goods and services." See Amended Petition ¶ 52. Petitioner fails, however, to explain how, exactly, Registrant "blatantly misused" the M22 Retail Mark or attempted to pass off its goods as those of the State of Michigan.

Petitioner can never show that Registrant misrepresented the source of its retail store services because Petitioner's not-quite-a-trademark theory fails. Where, as in this case, a petitioner has failed to use a symbol as a trademark, the Board has found that the petitioner has failed to state a claim for misrepresentation of source because the primary purpose of a misrepresentation of source claim is to prevent against the perpetuation of

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<sup>6</sup> Pictured: Keegan Myers (owner), NYC Mayor Rudy Giuliani, Congressman Dan Benishek, and Matt Myers (owner).

goodwill or residual goodwill<sup>7</sup>. See *Terri Yenko Gould*, 9205219, 2013 WL 3168097 (TTAB March 26, 2013) (“There had been no use of the mark by the Yenko family since 1981; the registration expired in 1992; and the family had not undertaken any activities to perpetuate any goodwill that might have remained in the mark (and, to reiterate, the record is devoid of any evidence bearing on residual goodwill). Given this situation, there could be no deliberate misrepresentation of the source of respondent’s products, ‘blatant misuse’ of the mark, or conduct amounting to the deliberate passing-off of respondent’s goods.”). Since Petitioner cannot establish that it has goodwill in the M-22 sign as applied to retail store services, and because Petitioner has failed to even allege Registrant has undertaken any actions to misrepresent that it is associated with Petitioner (other than under its not-quite-a-trademark theory), Petitioner has failed to state a claim upon which relief can be granted.

#### **g. Likelihood of confusion**

In its Amended Petition, Petitioner has inserted a claim based on likelihood of confusion. Petitioner’s claim fails because a likelihood of confusion claim pursuant to 15 U.S.C. § 1052 only applies to a **mark**, which is defined by 15 U.S.C. § 1052. Consequently, in order to maintain a likelihood of confusion claim, Petitioner must allege that it has used the M-22 sign as either a service mark or a trademark. Since Petitioner admits that it has not used the M-22 sign as either a service mark or a trademark, and because it has no intent to do so, Petitioner has failed to state a claim upon which relief can be granted.

#### **IV. CONCLUSION**

For the foregoing reasons, Registrant’s Motion must be granted.

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/JAD/

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<sup>7</sup> It is interesting to note that the State of Michigan’s website states that Registrant’s M22 Mark “is a brand recognized worldwide representing a way of life and a realization that there’s no place in the world you would rather be. See <http://blog.michiganadvantage.org/great-companies/m-22-comes-to-life-through-two-brothers-entrepreneurs-and-michigan-aficionados/>.”

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### **CERTIFICATE OF SERVICE**

I, John Di Giacomo, an attorney, hereby certify that I served a true and correct copy of this Reply to Petitioner's Opposition to Registrant's Partial Motion to Dismiss on counsel of record via electronic mail on January 22, 2014.

/JAD/

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